

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 USIA-06 AID-05 PA-01 PRS-01  
CIAE-00 INR-07 NSAE-00 TRSE-00 OMB-01 SP-02 EB-08  
COME-00 IGA-02 NEAE-00 /056 W  
-----097997 291314Z /43

P R 291230Z AUG 77  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC PRIORITY 5700  
INFO AMEMBASSY MOSCOW  
AMCONSUL BOMBSY  
AMCONSUL CALCUTTA  
AMCONSUL MADRAS

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E.O. 11652: N/A  
TAGS: EIND, IN, UR  
SUBJECT: SOVIET AID TO BOKARO STEEL PLANT

REF: A) STATE 203362; (B) NEW DELHI 6978

1. RESOURCES ATTACHE HAS CONFIRMED FROM GOI OFFICIAL THAT, AS REPORTED REFTEL, DECISION TO "ELIMINATE" SOVIETS FROM BOKARO EXPANSION PROJECT --FOR THE TIMEBEING AT LEAST--APPLIES ONLY TO COLD ROLLING MILL. NEW YORK TIMES STORY WAS PROPTED BY SOTIRES ON BOKARO EXPANSION APPEARING IN PRESTIGIOUS ECONOMIC TIMES, FINANCIAL EXPRESS AND BUSINESS STANDARD OF AUGUST 24. ALL THREE INDIAN PRESS ACCOUNTS GIVE DIFFERENT VERSIONS OF STORY, MOST OF THEM SIMILARLY CONFUSING DEVELOPMENTS IN CONNECTION WITH ON-GOING PLANS FOR COLD ROLLING MILL WITH QUESTION OF OVERALL EXPANSION PROJECT.

2. AS WE REPORTED EARLIER, SOVIET AID CREDIT FOR BOKARO HAD INCLUDED DELIVERY OF COLD ROLLING MILL, OR LARGE PARTS THEREOF, AS PART OF BOKARO EXPANSION FROM 1.4 MILLION TONS CAPACITY (NOW  
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COMPLETED) TO 4 MILLION TONS. GOI DECIDED IN APRIL TO BUILD COLD ROLLING MILL IN INDIA AND TO TURN OVER ENGINEERING/TECHNOLOGY ASPECTS TO INDIAN FIRMS, ENGINEERING PROJECTS LIMITED (EPI) AND MECON. D.D. BORWANKAR, JOINT SECRETARY IN THE MINISTRY OF STEEL AND MINES RESPONSIBLE FOR BOKARO AND DURGAPUR EXPANSION PROGRAMS, CONFIRMED THESE ARRANGEMENTS IN CONVERSATION AUGUST 26 WITH RESOURCES ATTACHE. BORWANKAR SAID EPI AND MECON HAD THE OPTION

TO CONSULT FOREIGN TECHNOLOGY SOURCES TO THE EXTENT NECESSARY. WEAN UNITED WAS BROUGHT INTO THE PICTURE BECAUSE OF ITS EXPERIENCE IN THIS FIELD AND BECAUSE OF A TECHNICAL COLLABORATION AGREEMENT WITH MECON SIGNED SEVERAL YEARS AGO. SIMILARLY, EPI SIGNED AN AGREEMENT WITH WEAN IN 1976. IT WAS ON WEAN'S RECOMMENDATION THAT CERTAIN ASPECTS OF NEW COLD ROLLING MILL WILL BE TURNED OVER TO ARMCO.

3. THUS U.S. SPECIALIZED STEEL TECHNOLOGY IS NOW BEING USED BY INDIAN ENGINEERING COMPANIES RESPONSIBLE FOR THIS PHASE OF BOKARO'S EXPANSION. WHILE POLICY WILL BE MAXIMIZE INDIGENOUS INPUT OF EQUIPMENT, SOME IMPORTS MAY BE CALLED FOR, BORWANKAR SAID. EXCLUDING ENGINEERING WORK, THE ESTIMATED COST OF THE COLD ROLLING MILLIN EXPANSIONPROJECT IS RS. 3 BILLION (ABOUT DOLS 340 MILLION). THE SCHEDULED DATE FOR COMMISSION IS DECEMBER 1982.

4. BORWANKAR ACKNOWLEDGED THAT THE COLD ROLLING STEEL TECHNOLOGY OF THE WEST WAS SUPERIOR TO THE SOVIETS. THIS HAD COME TO GOI'S ATTENTION LAST YEAR WHEN THEY DICOVERED THAT RUSSIANS WERE IMPORTING THIS TECHNOLOGY FOR THEIR OWN USE FROM WESTERN EUROPE. HE SAID THAT THE SOVIETS WERE STILL INVOLVED IN THE OTHER ASPECTS OF THE BOKARO EXPANSION PROJECT. NO AGREEMENTS REGARDING THIS WORK HAD BEEN NULLIFIED. AND, WHILE IT WAS THE GOI'S INTENT TO INCREASE THE INDIGENOUS CONTENT OF THE EQUIPMENT USED IN THE EXPANSION, THE IMPORTATION OF SOVIET EQUIPMENT AS WELL AS SOVIET LIMITED OFFICIAL USE

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TECHNOLOGYWAS NOT RULED OUT.

6. BORWANKAR WAS OBVIOUSLY DISTURBED BY PRESS PLAY BEING GIVEN TO ROLE OF FOREIGN TECHNOLOGIES IN BOKARO EXPANSION AND SAID THAT HE WOULD LIKE TO SEE THE ISSUE "PLAYED DOWN..FOR POLITICAL REASONS".7. ON AUGUST 27, PRESS CARRIED REPORTS OF OFFICIAL STATEMENT TO THE EFFECT THAT "THERE ISACTUALLY NOTHING TO WARRANT THE CONCLUSION" THAT "THE BOKARO COLD ROLLING MILL COMPLEX MAY BE SET UP WITH U.S. ASSISTANCE". MECON AND EPI, AS PRIME CONTRACTORS FOR THE PROJECT, "HAVE ESTQBLISHED CONTACTS WITH CONSULTANCY FIRMS IN THE UNITED STATES AND OTHER COUNTRIES" ONLY FOR THE PURPOSE OF CHOOSING "THE BEST PROCESSING AND FINISHING LINES TECHNOLOGY". STATEMENT DENIED THAT ANY AGREEMENT WITH SOVIETS HAD BEEN SIGNED BEFORE DECISION TAKEN TO GIVE JOB TO INDIANFIRMS.

8. COMMENT: PRESS BALLYHOO IN THIS CASE APPARENTLY RESUL TED FROM LOW-LEVEL PUBLIC RELATIONS EFFORT BY BOKARO TO KEEP PRESS INFORMED OF COMPANY ACTIVITIES. ROLE OF U.S. COMPANIES TOUCHES SUCH A SENSITIVE NERVE HERE--ESPECIALLY WHEN COMBINED WITH SIGNS OF NEGATIVE DEVELOPMENTS IN INDO/SOVIET RELATIONS-- THAT REPORTERS TOOK OFF WITH STORY AND INFLATED IT

GOHEEN

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
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